

VZCZCXRO8089  
OO RUEHGH  
DE RUEHUL #0872/01 1530710  
ZNR UUUUU ZZH  
O 020710Z JUN 09  
FM AMEMBASSY SEOUL  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4544  
RUCPDO/USDOC WASHDC 8657  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC//DDI/OEA//  
RHHMUNA/USCINCPAC HONOLULU HI//FPA//  
RUEKJCS/SECDEF WASHINGTON DC  
RUEKJCS/JOINT STAFF WASHINGTON DC  
RUEKDIA/DIA WASHINGTON DC//DB-Z//  
RUEHMO/AMEMBASSY MOSCOW 9806  
RUEHBJ/AMEMBASSY BEIJING 5998  
RUEHKO/AMEMBASSY TOKYO 6087  
RUEHGH/AMCONSUL SHANGHAI 0791  
RUEHSH/AMCONSUL SHENYANG 4500  
RUEHIN/AIT TAIPEI 3476  
RUEHGP/AMEMBASSY SINGAPORE 6672  
RUCNDT/USMISSION USUN NEW YORK 1043  
RUEHGV/USMISSION GENEVA 2380  
RUEHLO/AMEMBASSY LONDON 1454  
RUEHFR/AMEMBASSY PARIS 2063

UNCLAS SECTION 01 OF 06 SEOUL 000872

SIPDIS

E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [MARR](#) [ECON](#) [KPAO](#) [KS](#) [US](#)

SUBJECT: SEOUL - PRESS BULLETIN; June 2, 2009

TOP HEADLINES

-----

Chosun Ilbo

[1](#)N. Korea Manufactures Three to Four ICBM-Class Missiles

JoongAng Ilbo, All TVs

GM Daewoo Likely to be in "New GM"

Dong-a Ilbo

On May 28, N. Korea Informed Overseas Embassies  
of Nomination of Leader Kim Jong-il's Third Son, Jong-un,  
as Kim's Successor

Hankook Ilbo

[1](#)N. Korea Transfers ROK Worker, Who Has Been Detained at Kaesong  
Industrial Complex, to Pyongyang

Hankyoreh Shinmun

Moon Jae-in, Former Chief of Staff to Late President Roh Moo-hyun:  
"President Roh Tried to Admit, In Place of His Wife, Receiving Money  
from Taekwang Industrial CEO"

Segye Ilbo

[1](#)N. Korea's ICBM Disappears from View after Being Moved to  
Dongchang-ri Launch Pad on West Coast; Possibility Raised that This  
May be Part of N. Korea's "Harassing Tactics"  
Aimed at U.S. and ROK

Seoul Shinmun

[1](#)N. Korea Strengthens Combat Readiness along West Coast

DOMESTIC DEVELOPMENTS

-----

According to Blue House Spokesman Lee Dong-kwan, President Lee  
Myung-bak and leaders of the Association of Southeast Asian Nations  
(ASEAN) will adopt a press statement today condemning North Korea's  
nuclear test as a provocative act that threatens world peace and  
stability. The two-day ASEAN-Korea Commemorative Summit on Jeju  
Island comes to an end today. (All)

President Lee also warned in yesterday's biweekly radio address that

if (North Korea) refuses to take the path to dialogue and peace, and goes ahead with military threats and provocations, the ROK will by no means tolerate it. (All)

Stuart Levey, Under Secretary of Treasury for Terrorism and Financial Intelligence, will be part of a U.S. delegation visiting Seoul today. Given that he played a key role in freezing North Korean assets in 2006, his inclusion in the delegation may signal Washington's intention to discuss financial sanctions against North Korea with relevant countries. (Chosun, JoongAng)

#### INTERNATIONAL DEVELOPMENTS

-----

According to an ROKG source, North Korea appears likely to have manufactured three to four intercontinental ballistic missile (ICBM)-class long-range missiles or rockets by the end of last year. This means that North Korea may have one or two more long-range missiles, in addition to the missile it recently moved to Dongchang-ri, a newly constructed launch pad on the North's west coast. (Chosun)

According to another ROKG source, North Korea recently ordered its forces on the west coast to increase their ammunition reserves to twice their peacetime levels. The North is also conducting amphibious attack exercises near the western sea border, using high-speed landing vessels. These moves might be intended to prepare

SEOUL 00000872 002 OF 006

for a possible armed clash (with the ROK.) (Chosun, JoongAng, Hankook, Hankyoreh, Segye, Seoul, all TVs)

According to a source privy to North Korean affairs, North Korean leader Kim Jong-il has tapped third son, Jong-un, as his successor. Experts saw the North's recent provocations as an attempt to show solidarity with the military, whose support is essential for the smooth transfer of power in Pyongyang. (Dong-a, Hankook)

#### MEDIA ANALYSIS

-----

##### -North Korea

-----

Citing an ROKG source, most ROK media carried front-and inside-page reports that North Korea recently ordered its forces on the west coast to increase their ammunition reserves to twice their peacetime levels. The North is also conducting amphibious attack exercises near the western sea border, using high-speed landing vessels, according to media reports.

Most media, noting that a landing exercise during the month of June was unprecedented in North Korea, interpreted these moves as intended to prepare for a possible armed clash (with the ROK.)

Conservative Chosun Ilbo front-paged a report citing an ROKG source saying that North Korea appears likely to have manufactured three to four intercontinental ballistic missile (ICBM)-class long-range missiles or rockets by the end of last year. This means that North Korea may have one or two more long-range missiles, in addition to the missile the North recently moved to Dongchang-ri, a newly constructed launch pad on the North's west coast, according to the Chosun report.

All ROK media gave attention to Blue House Spokesman Lee Dong-kwan's June 1 press briefing, in which he said that President Lee Myung-bak and leaders of the Association of Southeast Asian Nations (ASEAN) will adopt a press statement today condemning North Korea's nuclear test as a provocative act that threatens world peace and stability. The two-day ASEAN-Korea Commemorative Summit on Jeju Island comes to an end today, according to media reports.

President Lee Myung-bak was widely quoted during yesterday's biweekly radio address: "If (North Korea) refuses to take the path

to dialogue and peace, and goes ahead with military threats and provocations, the ROK will by no means tolerate it."

Conservative Chosun Ilbo featured an article noting that Stuart Levey, Under Secretary of Treasury for Terrorism and Financial Intelligence, will be part of a U.S. interagency delegation visiting Seoul today. Given that he played a key role in freezing North Korean assets in 2006, the report went on to say that his inclusion in the delegation may signal Washington's intention to discuss financial sanctions against North Korea with relevant countries, especially China.

In a related development, moderate Hankook Ilbo editorialized: "If strong financial sanctions are imposed on North Korea, they will have an enormous impact on the North, as a freeze of North Korean accounts in Macau-based Banco Delta Asia (BDA) did in the past. Since China and Russia, which have been on North Korea's side on the global stage, including UN, are pressuring the North by canceling their planned personal exchanges with the North, Pyongyang's isolation will only deepen further. The ROKG should play a leading role in global efforts to devise a framework for effectively curbing North Korea's additional provocations."

Citing ROKG intelligence authorities and a source privy to North Korean affairs, conservative Dong-a Ilbo and moderate Hankook Ilbo carried front-page reports that North Korean leader Kim Jong-il has tapped third son, Jong-un, as his successor and informed the North's overseas embassies of the nomination.

SEOUL 00000872 003 OF 006

In particular, Dong-a Ilbo's front-page claimed that the notification was made on May 28, shortly after the North's nuclear test on May 25. Citing experts and sources, Dong-a linked the North's recent provocations to the issue of succession, saying that the provocations were intended to show solidarity with the military, whose support is essential for the smooth transfer of power in Pyongyang.

#### -GM Bankruptcy

-----  
The ROK media gave straight, inside-page play to U.S. auto giant General Motors (GM)'s filing for bankruptcy protection yesterday, focusing coverage on the future of GM Daewoo, of which GM owns a 72 percent stake.

Most media expected GM Daewoo to be included in a "new GM" to be built from GM's blue-chip assets, including Chevrolet, Buick and Cadillac. Conservative Chosun Ilbo commented that even if GM Daewoo is absorbed into a "new GM," GM Daewoo's production will likely decline significantly for the time being because consumers will not buy GM cars and, as GM dealers try to reduce backlogs, orders for new GM Daewoo-produced cars will fall.

#### OPINIONS/EDITORIALS

##### REASONS WHY CHINA HESITATES TO IMPOSE SANCTIONS ON NORTH KOREA

(Dong-a Ilbo, June 2, 2009, Page 30)

By Beijing Correspondent Koo Ja-ryong

The world's eye is set on China's (next) move regarding North Korea's second nuclear test and missile launches. The international community believes that unless China, North Korea's only ally, takes an active part in (imposing) sanctions, North Korea will not be discouraged from pursuing nuclear ambitions. While concerned about North Korea's radical behavior, China is reluctant (to impose) strong sanctions. Experts say that (there are complicated reasons why China is reluctant to impose such sanctions.)

An expert in Beijing, who is well informed about the leadership in North Korea, said, "Chairman Kim Jong-il is trying to take advantage of a new Cold-war structure in which the U.S. and China

are jockeying for power in Northeast Asia," adding, "China is afraid that the North may 'join hands' with the U.S." Last year, North Korea's trade with China accounted for 73 percent of North Korea's total external trade. On the surface, China appears to have North Korea at its beck and call, but the reality is not that simple. A collapse of the North Korean regime could send a flood of refugees into China and, if any conflicts take place on the Korean Peninsula, China could become the first victim. These are matters of concern to Beijing. This is why China is not willing to join in international sanctions, not to mention pursuing its own sanctions, although it considers an "unruly" North Korea to be impertinent.

North Korea-China relations have already changed. Chairman Kim is not pleased that China agreed to the UN Security Council's presidential statement condemning North Korea's satellite launch in April. In particular, the North felt betrayed by China which said, in its official statement, that it was resolutely opposed to North Korea's second nuclear test. The expert in Beijing noted, "If China joins the West in increasing pressure on the North and even, in the worst- case scenario, blocks the border with the North, North Korea may break with China and 'surrender' to the U.S."

In other words, Pyongyang could try to pocket some benefits, such as a U.S. assurance of regime security and economic aid, by directly contacting Washington while keeping its distance from Beijing. If the North disposes of its nuclear weapons and again takes steps toward denuclearization at some point in the future and demands negotiations with the U.S., the U.S. will have no reason to refuse

SEOUL 00000872 004 OF 006

(to engage in the negotiations with North Korea.) Therefore, the U.S. influence over the Korean Peninsula may increase further. This would be a nightmare for China.

However, if Pyongyang goes further and fires an intercontinental ballistic missile, following the recent nuclear test, or stages a local provocation on the Korean Peninsula, it will not be able to avoid international sanctions and negotiations with the U.S. will also be impossible. A true superpower would have the ability to advance peace. China should use the current situation as an opportunity to show (the world) the way to protect peace.

KOREAN PENINSULA CRISIS WARRANTS CLOSER INTERNATIONAL COOPERATION  
(Hankook Ilbo, June 2, 2009, Page 35)

The crisis is rapidly deepening on the Korean Peninsula. Only after a week following its second nuclear test, North Korea is preparing to launch a long-range missile presumed to be an Intercontinental Ballistic Missile (ICBM). Last week, North Korea threatened a military strike in protest against the ROK's full participation in the Proliferation Security Initiative (PSI). Also, North Korea warned that it can no longer guarantee the safety of (ROK and U.S.) vessels in the waters west of the peninsula. We are in a situation where we may face military skirmishes such as the clashes (that occurred) off the west coast (in 2002).

North Korea's provocations against the entire world will not likely be spared harsh punishment and pressures from the international community. U.S. Secretary of Defense Robert Gates warned that "the U.S. will not stand idly by as North Korea builds the capability to wreak destruction" on Asia or the U.S. This warning, the sternest one since North Korea's second nuclear, is noteworthy because there are growing voices in U.S. political circles calling for the U.S. to respond militarily (to North Korea's provocations).

The UN Security Council is discussing a resolution further sanctioning North Korea. Purportedly, there is a high possibility that the resolution will include financial sanctions. This seems to be why the Assistant Secretary of the Treasury has joined the USG delegation in a trip to the ROK, Japan, China and Russia, which is aimed at jointly coping with North Korea's nuclear test. If strong financial sanctions are imposed on North Korea, they will have an enormous impact on the North, as a freeze of North Korean accounts in Macau-based Banco Delta Asia (BDA) did in the past. Since China and Russia, which have been on North Korea's side on the global

stage, including at the UN, are pressuring the North by canceling their planned personal exchanges with the North, Pyongyang's isolation will only deepen further.

The ROKG should play a leading role in global efforts to devise a framework for effectively curbing North Korea's additional provocations. However, the problem lies in the fact that pressure is not a cure-all. In this sense, it was desirable that during his weekly radio address, President Lee Myung-bak urged the North to return to dialogue while sending a strong warning to the North. Seeking dialogue and negotiations with North Korea is as important as preparing for the North's threats in a stern and thorough manner.

## FEATURES

-----

### 1N. KOREAN NAVY 'STEPS UP WEST SEA ACTIVITIES' (Chosun Ilbo, June 2, 2009, Front page)

By reporter Yu Yong-won

North Korea appears likely to have manufactured three to four intercontinental ballistic missile (ICBM)-class long-range missiles or rockets by the end of last year. This means that North Korea may have one or two more long-range missiles, in addition to the missile

SEOUL 00000872 005 OF 006

the North recently moved to Dongchang-ri, a newly constructed launch pad on the North's west coast. North Korea has apparently instructed naval troops in the Yellow Sea to stockpile more than twice the normal amount of ammunition and artillery shells and has staged an unprecedented surprise landing exercise.

An ROKG official said that, given overall circumstances such as North Korea's procurement of missile parts from overseas, there is a high possibility that North Korea manufactured three to four long-range missiles and rockets at a military research center in Sanumdong near Pyongyang. The official added that the ROK and the U.S. are tracking this (information). The intelligence authorities believe that North Korea might attempt to fire these additional missiles even after launching the long-range missile it recently moved to Dongchang-ri.

Another ROK military source said the North Korean military has recently instructed patrol boats and coast artillery batteries under the West Sea Fleet Command in Nampo to stockpile more than double the amount of ammunition and shells they keep in normal times. That could be preparation for a possible clash with the ROK.

The surprise landing exercise on the west coast involved high-speed hover-craft landing craft. The same source said that a landing exercise during the month of June was unprecedented in North Korea. "The exercise seems to be a kind of saber-rattling," he said. He suggested that the North is attempting to show the ROK that it could carry out a provocation by a surprise landing.

Joint shooting training has been conducted near Nampo where the base camp of subordinate units under the West Sea Fleet Command is located. According to a source, last month, North Korean military leadership visited the subordinate units under the West Sea Fleet Command.

But ROK military authorities do not necessarily treat the moves as decisive signs that an armed provocation is imminent, though they are watching developments closely.

(We have compared the English version on the website with the Korean version and made some changes to make them identical.)

U.S. DELEGATION VISITING ROK, CHINA, JAPAN AND RUSSIA  
(JoongAng Ilbo, June 2, 2009, Page 2)

By Correspondent Kim Dong-ho

The U.S. delegation kept itself busy on June 1 during its visit to Japan to address the North Korean nuclear and missile issue. The U.S. delegation held working-level talks with high-ranking Japanese officials in the morning and had a series of meetings with Foreign Minister Hirofumi Nakasone and Prime Minister Taro Aso in the afternoon in order to discuss ways to respond to (North Korea's military provocations). The group will visit the ROK, China and Russia in a tight schedule, starting June 2. It will arrive in Seoul on June 2 and stay until June 3. The group will meet with Foreign Minister Yu Myung-hwan, and Senior Presidential Secretary for Diplomacy and National Security Kim Sung-hwan.

The Japanese Jiji press reported that the U.S. delegation led by Deputy Secretary of State James Steinberg is on a tour to lay the groundwork for "a comprehensive North Korea strategy." The visit by the U.S. officials is also intended to (elicit consensus) on the UN Security Council's resolution sanctioning North Korea and ward off signs of disturbance in East Asia triggered by North Korea's nuclear threat. An ROK diplomatic source, who asked not to be named, analyzed that the U.S. delegation is on a trip to East Asia to come up with a comprehensive response regarding military defense, financial control and intelligence. According to the Japanese Yomiuri shimbun, the U.S. is of the opinion that, due to the change in the power structure in North Korea resulting from leader Kim Jong-il's ill health, North Korea will continue its nuclear program.

It appears that the U.S. believes that it may be difficult to stop

SEOUL 00000872 006 OF 006

North Korea's provocations because its nuclear test was intended to sustain its regime rather than enhance its negotiating power. Accordingly, it is analyzed that the U.S. set out on an emergency tour to lay out overall countermeasures together with Six-Party Talks participants.

In particular, the fact that (Stuart) Levey, the U.S. Treasury Department's Undersecretary for Terrorism and Financial Intelligence, is part of the U.S. delegation is noteworthy. Undersecretary Levey played a key role in freezing about \$25 million of North Korean assets at the Banco Delta Asia (BDA) Bank in Macao during the Bush Administration in 2005. At that time, the U.S. Treasury Department found the BDA to be a primary money laundering concern. Therefore, the U.S. delegation may consider freezing North Korean accounts through financial sanctions as countermeasures against North Korea. An ROK diplomatic official said that the U.S. Treasury Department can freeze North Korean accounts relating to its nuclear and missile (programs). The ROK diplomatic official also added that the ROK supports the strict control of money and resources used to develop the North's nuclear weapons and missiles.

In addition, the U.S. delegation is expected to provide definitive guarantees of security to the ROK and Japan which are feeling uneasy due to North Korea's nuclear test, while at the same time calling for a united response. The group's visit is also apparently intended to put an end to arguments for nuclear armament surfacing in both countries. The U.S. is closely watching Japan's reaction. Apparently in an effort to quell Japan's anxiety, the U.S. deployed 12 state-of-the-art fighter F-22's to Kadena Air Base in Okinawa.

STEPHENS